Little Falls Shop Rite

2/25/97

Cigarette Category Profitability Analysis Summary :

Annualized

	Current	Scenario A	Scenario B			
Sales (Cartons/Yr)	28,004	19,656	26,572			
Category Sales $	$526,640	$343,976	$499,806			
Profit (GM $)	$69,462	$23,310	$65,889			
Avg. Wtd. GM %	13.2%	6.8%	13.2%			
Contract RDA $	$6,732		$6,732			
% Profit from RDA$	9.7%		10.2%			
ROII $ *	$3.95	$1.89	$3.95			
Gross Profit $	$76,194	$23,310	$72,621			
Var.$ vs Current		($52,884)	($3,573)			
Avail. Promo.$	$6,300		$6,300			

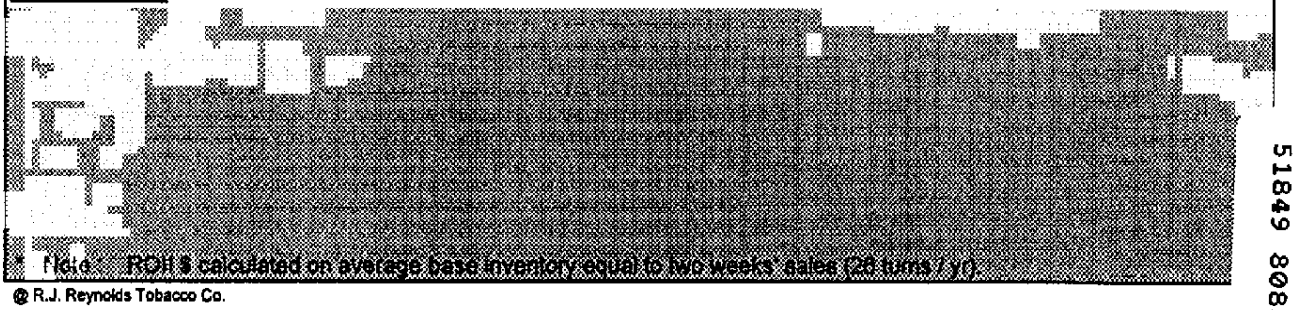
Profit $ Analysis by Price Tier

	Current	Scenario A	Scenario B			
Full Price	$62,894	$21,466	$59,739			
Brd Savings	$5,051	$1,404	$4,798			
PL / BW	$1,517	$440	$1,352			
Contract RDA $	$6,732		$6,732			
Avail. Promo.$	$6,300		$6,300			
Total $	$82,494	$23,310	$78,921			
Var.$ vs Current		($59,184)	($3,573)			

Scenario Descriptions :

CURRENT :	Current program participation levels. Profitability based upon no changes in present conditions.
Scenario A :	Discontinuance of single pack sales.
Scenario B :	Sales of single apcks from customer service center

RJR Comments :



* Note : ROII $ calculated on average base inventory equal to two weeks' sales (26 turns / yr).

@ R.J. Reynolds Tobacco Co.

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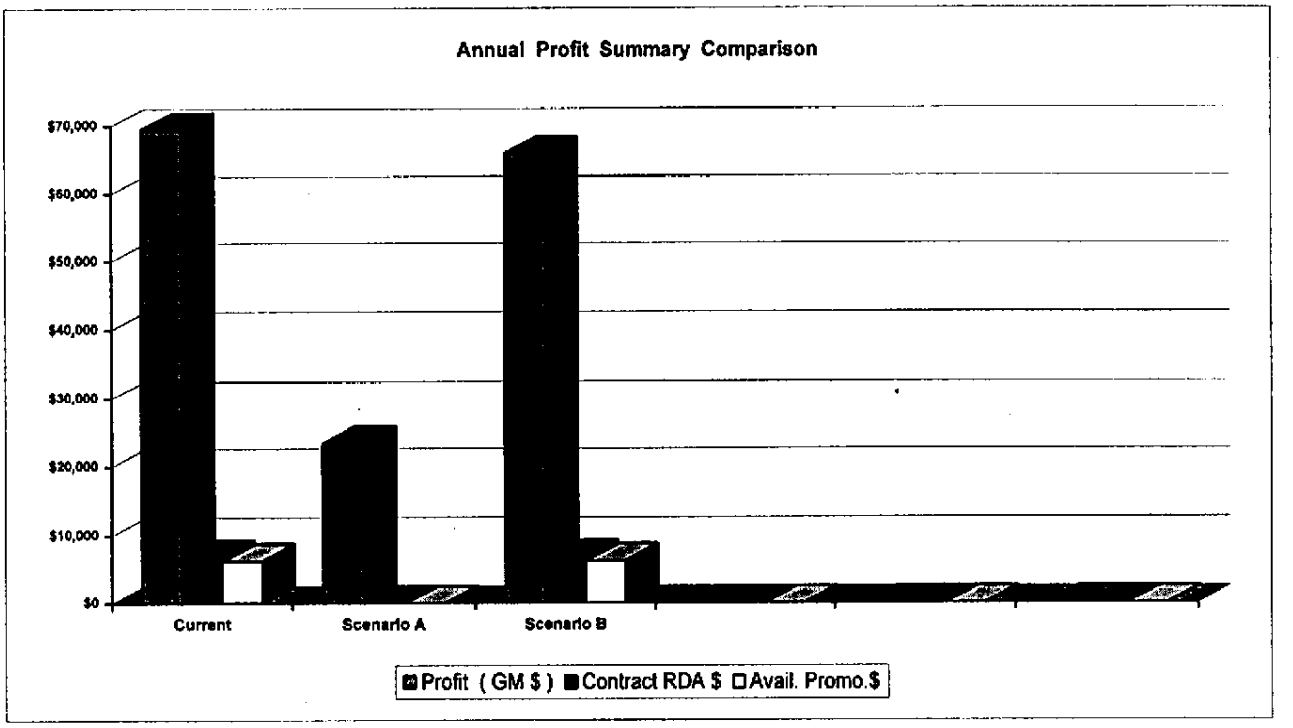
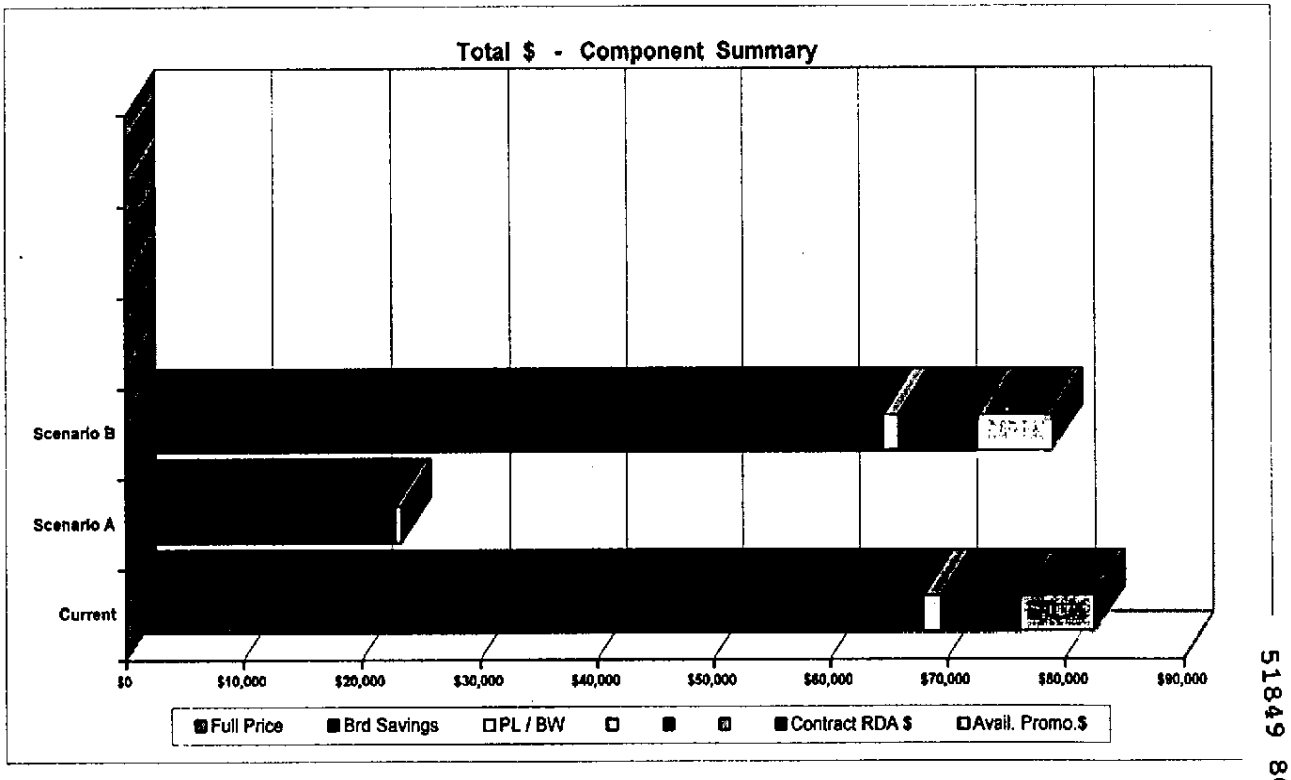
Source: https://www.industrydocuments.ucsf.edu/docs/zjwy0000

Little Falls Shop Rite

2/25/97

Cigarette Category Profitability Analysis Summary Graphs :





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Source: https://www.industrydocuments.ucsf.edu/docs/zjwy0000

Retail Profit Analysis

Little Falls Shop Rite 2/25/97

Contract / Promotion Payment Summary / ANNUALIZED :

CONTRACT $	Current	Scenario A	Scenario B			
RJR Contract $	$3,924		$3,924			
P M Contract $	$2,808		$2,808			
BAT Contact $						
LOR Contract $						
Other Contract $						
Contract SubTotals	$6,732		$6,732			

PROMOTION $	Current	Scenario A	Scenario B			
RJR Promotion $	$4,896		$4,896			
P M Promotion $	$1,404		$1,404			
BAT Promotion $						
LOR Promotion $						
Other Promotion $						
Promo. SubTotals	$6,300		$6,300			

Total Contract + Promotional Fund $ Availability Comparison :

	Current	Scenario A	Scenario B			
Total $	$13,032		$13,032			
Var.$ vs Current		($13,032)				

Scenario Descriptions :

Current :	Current program participation levels. Profitability based upon no changes in present conditions.
Scenario A :	Discontinuance of single pack sales.
Scenario B :	Sales of single apcks from customer service center

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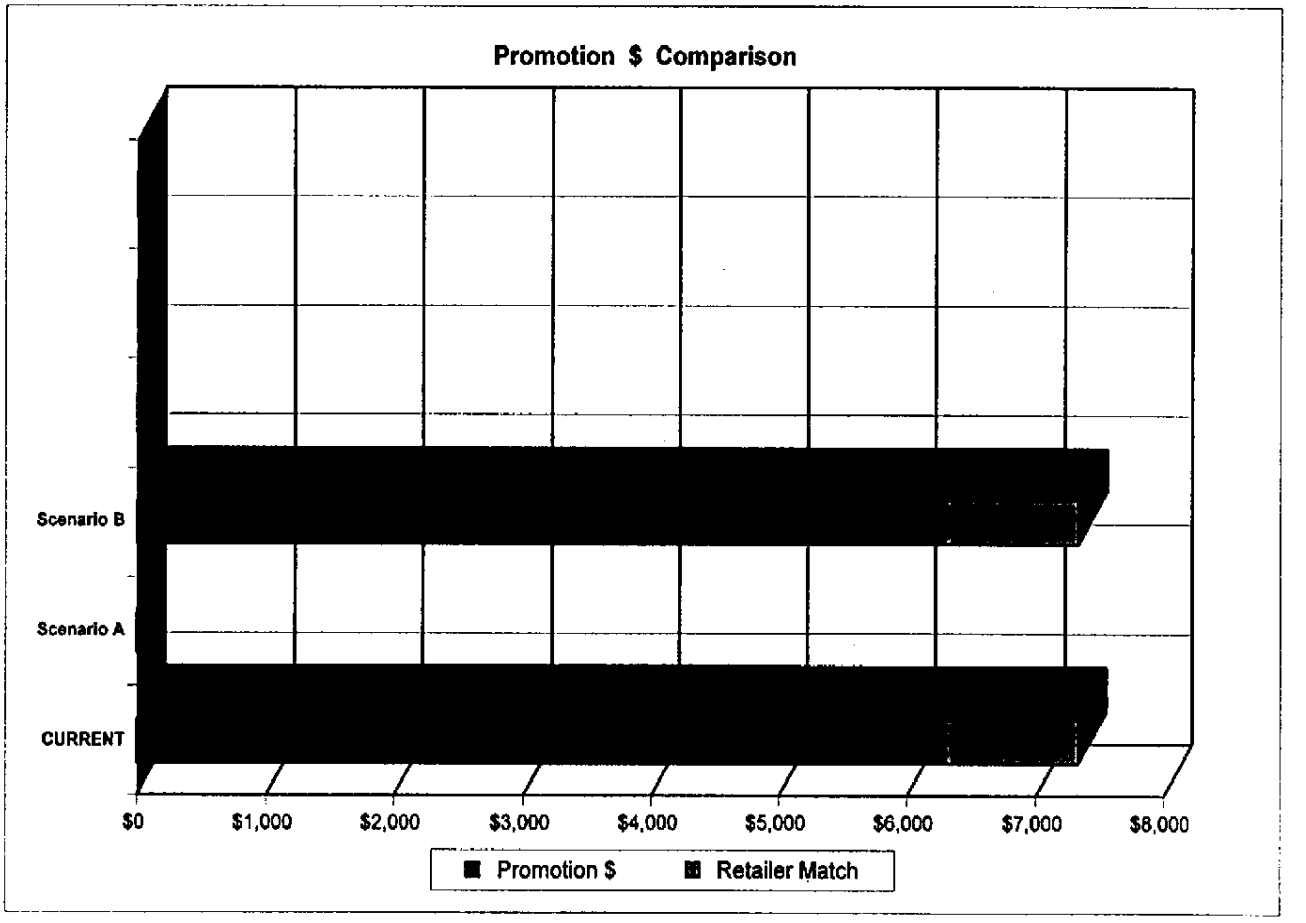
Source: https://www.industrydocuments.ucsf.edu/docs/zjwy0000

Total Available Promotion Fund Summary :			
Monthly	**CURRENT**	**Scenario A**	**Scenario B**
Monthly Promo.$/ Store	$525		$525
Monthly Promo.$ / All	$525		$525
+ Retailer Match $	$86		$86
Monthly Total Promo.$	$611		$611
Annually	**CURRENT**	**Scenario A**	**Scenario B**
Annual Promo.$/ Store	$6,300		$6,300
Annual Promo.$ / All	$6,300		$6,300
+ Retailer Match $	$1,032		$1,032
Annual Total Promo.$	$7,332		$7,332



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Source: https://www.industrydocuments.ucsf.edu/docs/zjwy0000

RJR Profit / SOM Analysis :

Strictly Confidential

RPA
For RJR Use ONLY

Annualized	CURRENT	Scenario A	Scenario B			
RJR Tot.Ctn.Vol.	7,540	7,540	7,540			
RJR Avg/Store/Wk	145	145	145			
RJR Gross Profit	$41,084	$41,084	$41,084			
RJR Contract $	$3,924		$3,924			
RJR Promotn $	$4,896		$4,896			
RJR Net Profit $	$32,264	$41,084	$32,264			
RJR SOFP %	22.1%	31.6%	23.3%			
RJR SOSav %	71.1%	99.7%	74.8%			
RJR SOPL %	100.0%	128.2%	112.2%			
RJR Tot. SOM %	26.9%	38.3%	28.3%			
RJR Profit $ / Ctn.	$4.29	$5.46	$4.29			
Spending $ / Ctn.	$1.17		$1.17			

> Read the numbers and THINK !
> Are we selling more cigarettes and making more money ?

Little Falls Shop Rite 2/25/97

RJR Decision Support
Scenario $ Rankings :

	Account Tot. $	Account Ranking	RJR Net $	RJR Ranking
CURRENT →	$82,494	1	$32,264	2
Scenario A →	$23,310	3	$41,084	1
Scenario B →	$78,921	2	$32,264	2
Scenario C →				
Scenario D →				
Scenario E →				

> Compare $ ranking numbers above, and SOM %'s
> to choose the best alternatives for a Win-Win situation.

Preferred Alternative =
Secondary Alternative =

Scenario Descriptions :

CURRENT :	Current program participation levels. Profitability based upon no changes in present conditions.
Scenario A :	Discontinuance of single pack sales.
Scenario B :	Sales of single apcks from customer service center

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Source: https://www.industrydocuments.ucsf.edu/docs/zjwy0000

RJR PROFIT ANALYSIS : CURRENT

Strictly Confidential

Account Name : Little Falls Shop Rite Date : 2/25/97 For RJR Use ONLY

RJR	Avg Wkly Vol (RJR CPW)	Segment % Vol.	RJR Profit $ per CTN	Profit $ per Week	Profit $ per Month	RJR Monthly Spending	Per Store	All Stores
CURRENT								
Full Price	109	75.2%	$6.10	$663	$2,873			
Brd Sav	27	18.6%	$3.97	$107	$463	Contract $	$327	$327
PL / BW	9	6.2%	$2.24	$20	$87			
Totals	145	100.0%		$790	$3,424	Promo. $	$408	$408

Gross Profit per Month	Marketing Expenses	Net Profit per Month	Net Profit per Year	RJR SOM %	Net Profit per Carton	Spending $ per Carton
$3,424	$735	$2,689	$32,264	26.65%	$4.29	$1.17

RJR PROFIT ANALYSIS : Scenario A

RJR	Avg Wkly Vol (RJR CPW)	Segment % Vol.	RJR Profit $ per CTN	Profit $ per Week	Profit $ per Month	RJR Monthly Spending	Per Store	All Stores
Scenario A								
Full Price	109	75.2%		$663	$2,873			
Brd Sav	27	18.6%		$107	$463	Contract $		
PL / BW	9	6.2%		$20	$87			
Totals	145	100.0%		$790	$3,424	Promo. $		

Gross Profit per Month	Marketing Expenses	Net Profit per Month	Net Profit per Year	RJR SOM %	Net Profit per Carton	Spending $ per Carton
$3,424		$3,424	$41,084	38.25%	$5.48	

RJR PROFIT ANALYSIS : Scenario B

RJR	Avg Wkly Vol (RJR CPW)	Segment % Vol.	RJR Profit $ per CTN	Profit $ per Week	Profit $ per Month	RJR Monthly Spending	Per Store	All Stores
Scenario B								
Full Price	109	75.2%		$663	$2,873			
Brd Sav	27	18.6%		$107	$463	Contract $	$327	$327
PL / BW	9	6.2%		$20	$87			
Totals	145	100.0%		$790	$3,424	Promo. $	$408	$408

Gross Profit per Month	Marketing Expenses	Net Profit per Month	Net Profit per Year	RJR SOM %	Net Profit per Carton	Spending $ per Carton
$3,424	$735	$2,689	$32,264	28.50%	$4.29	$1.17

RJR PROFIT ANALYSIS : Scenario C

RJR	Avg Wkly Vol (RJR CPW)	Segment % Vol.	RJR Profit $ per CTN	Profit $ per Week	Profit $ per Month	RJR Monthly Spending	Per Store	All Stores
Full Price								
Brd Sav						Contract $		
PL / BW								
Totals						Promo. $		

Gross Profit per Month	Marketing Expenses	Net Profit per Month	Net Profit per Year	RJR SOM %	Net Profit per Carton	Spending $ per Carton

RJR PROFIT ANALYSIS : Scenario D

RJR	Avg Wkly Vol (RJR CPW)	Segment % Vol.	RJR Profit $ per CTN	Profit $ per Week	Profit $ per Month	RJR Monthly Spending	Per Store	All Stores
Full Price								
Brd Sav						Contract $		
PL / BW								
Totals						Promo. $		

Gross Profit per Month	Marketing Expenses	Net Profit per Month	Net Profit per Year	RJR SOM %	Net Profit per Carton	Spending $ per Carton

RJR PROFIT ANALYSIS : Scenario E

RJR	Avg Wkly Vol (RJR CPW)	Segment % Vol.	RJR Profit $ per CTN	Profit $ per Week	Profit $ per Month	RJR Monthly Spending	Per Store	All Stores
Full Price								
Brd Sav						Contract $		
PL / BW								
Totals						Promo. $		

Gross Profit per Month	Marketing Expenses	Net Profit per Month	Net Profit per Year	RJR SOM %	Net Profit per Carton	Spending $ per Carton

Source: https://www.industrydocuments.ucsf.edu/docs/zjwy0000

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RPA — ***Multiple Scenario Analysis :*** — ***Volume / Pricing Input***

Account Name : **Little Falls Shop Rite** — 2/25/97

CURRENT Input : — # Stores : 1 — # Days : 365 — > Use AIM Data (165)

PRICE TIER	RJR Avg. /Store/Wk.	Ind. Avg. /Store/Wk.	RJR Ctn. Vol.	Industry Ctn. Vol.	Carton Cost	Carton Price	Pack Price	Avg.Pack Ratio %	Ind. Vol. Mix %	Current Wtd.GM %
Full Price	109	492	5,668	25,637	$16.60	$17.80	$2.20	30%	91.3%	12.9%
Brd Savings	27	38	1,404	1,908	$13.79	$14.79	$2.00	30%	7.0%	15.7%
PL / BW	9	9	468	516	$11.99	$13.20	$2.00	30%	1.7%	21.3%
Totals	145	539	7,540	28,061				Total Annual Ctn. Vol. (projected) :		28,004

>

Scenario A Input : — # Stores : 1 — # Days : 365

PRICE TIER	RJR Avg. /Store/Wk.	Ind. Avg. /Store/Wk.	RJR Ctn. Vol.	Industry Ctn. Vol.	Carton Cost	Carton Price	Pack Price	Avg.Pack Ratio %	Ind. Vol. Mix %	Ind. Vol. % vs.Current
Full Price	109	344	5,668	17,937	$16.60	$17.80	$2.20	30%	91.0%	-30.0%
Brd Savings	27	27	1,404	1,408	$13.79	$14.79	$2.00	30%	7.1%	-26.8%
PL / BW	9	7	468	365	$11.99	$13.20	$2.00	30%	1.9%	-22.0%
Totals	145	378	7,540	19,710				Vol. Change % vs Current :		-29.8%

Scenario B Input : — # Stores : 1 — # Days : 365

PRICE TIER	RJR Avg. /Store/Wk.	Ind. Avg. /Store/Wk.	RJR Ctn. Vol.	Industry Ctn. Vol.	Carton Cost	Carton Price	Pack Price	Avg.Pack Ratio %	Ind. Vol. Mix %	Ind. Vol. % vs.Current
Full Price	109	487	5,668	24,351	$16.60	$17.80	$2.20	30%	91.4%	-5.0%
Brd Savings	27	38	1,404	1,877	$13.79	$14.79	$2.00	30%	7.0%	-5.0%
PL / BW	9	9	468	417	$11.99	$13.20	$2.00	30%	1.6%	-10.9%
Totals	145	511	7,540	26,645				Vol. Change % vs Current :		-5.1%

PRICE TIER	RJR Avg. /Store/Wk.	Ind. Avg. /Store/Wk.	RJR Ctn. Vol.	Industry Ctn. Vol.	# Stores : Carton Cost	# Days : Carton Price	Pack Price	Avg.Pack Ratio %	Ind. Vol. Mix %	Ind. Vol. % vs.Current
Full Price										
Brd Savings										
PL / BW										
Totals								Vol. Change % vs Current :		

PRICE TIER	RJR Avg. /Store/Wk.	Ind. Avg. /Store/Wk.	RJR Ctn. Vol.	Industry Ctn. Vol.	# Stores : Carton Cost	# Days : Carton Price	Pack Price	Avg.Pack Ratio %	Ind. Vol. Mix %	Ind. Vol. % vs.Current
Full Price										
Brd Savings										
PL / BW										
Totals								Vol. Change % vs Current :		

PRICE TIER	RJR Avg. /Store/Wk.	Ind. Avg. /Store/Wk.	RJR Ctn. Vol.	Industry Ctn. Vol.	# Stores : Carton Cost	# Days : Carton Price	Pack Price	Avg.Pack Ratio %	Ind. Vol. Mix %	Ind. Vol. % vs.Current
Full Price										
Brd Savings										
PL / BW										
Totals								Vol. Change % vs Current :		

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Contract $ / Store :			Dedicated Promotion $			Non-Dedicated Promo $	
CURRENT :	Base Plan Contr.$ / Mo	Enhancement Contr.$ / Mo	*CURRENT :*	Retail Accrual Promo.$ / Mo	Retailer Match $ / Mo.	*CURRENT :*	Other Promo.$ / Mo
RJR	$227	$100	RJR (Ret.Accr)	$258	$86	RJR	$150
P M	$234		P M (Flex)	$117		P M	
BAT			BAT			BAT	
LOR			LOR			LOR	
L&M			RJR (Forsyth)			L&M	
Other			Other			Other	
Totals	$461	$100	Totals	$375	$86	Totals	$150

Contract $ / Store :			Dedicated Promotion $			Non-Dedicated Promo $	
Scenario A :	Base Plan Contr.$ / Mo	Enhancement Contr.$ / Mo	*Scenario A :*	Retail Accrual Promo.$ / Mo	Retailer Match $ / Mo.	*Scenario A :*	Other Promo.$ / Mo
RJR			RJR (Ret.Accr)			RJR	
P M			P M (Flex)			P M	
BAT			BAT			BAT	
LOR			LOR			LOR	
L&M			RJR (Forsyth)			L&M	
Other			Other			Other	
Totals			Totals			Totals	

Contract $ / Store :			Dedicated Promotion $			Non-Dedicated Promo $	
Scenario B :	Base Plan Contr.$ / Mo	Enhancement Contr.$ / Mo	*Scenario B :*	Retail Accrual Promo.$ / Mo	Retailer Match $ / Mo.	*Scenario B :*	Other Promo.$ / Mo
RJR	$227	$100	RJR (Ret.Accr)	$258	$86	RJR	$150
P M	$234		P M (Flex)	$117		P M	
BAT			BAT			BAT	
LOR			LOR			LOR	
L&M			RJR (Forsyth)			L&M	
Other			Other			Other	
Totals	$461	$100	Totals	$375	$86	Totals	$150

Contract $ / Store :			Dedicated Promotion $			Non-Dedicated Promo $	
	Base Plan Contr.$ / Mo	Enhancement Contr.$ / Mo		Retail Accrual Promo.$ / Mo	Retailer Match $ / Mo.		Other Promo.$ / Mo
RJR			RJR (Ret.Accr)			RJR	
P M			P M (Flex)			P M	
BAT			BAT			BAT	
LOR			LOR			LOR	
L&M			RJR (Forsyth)			L&M	
Other			Other			Other	
Totals			Totals			Totals	

Contract $ / Store :			Dedicated Promotion $			Non-Dedicated Promo $	
	Base Plan Contr.$ / Mo	Enhancement Contr.$ / Mo		Retail Accrual Promo.$ / Mo	Retailer Match $ / Mo.		Other Promo.$ / Mo
RJR			RJR (Ret.Accr)			RJR	
P M			P M (Flex)			P M	
BAT			BAT			BAT	
LOR			LOR			LOR	
L&M			RJR (Forsyth)			L&M	
Other			Other			Other	
Totals			Totals			Totals	

Contract $ / Store :			Dedicated Promotion $			Non-Dedicated Promo $	
	Base Plan Contr.$ / Mo	Enhancement Contr.$ / Mo		Retail Accrual Promo.$ / Mo	Retailer Match $ / Mo.		Other Promo.$ / Mo
RJR			RJR (Ret.Accr)			RJR	
P M			P M (Flex)			P M	
BAT			BAT			BAT	
LOR			LOR			LOR	
L&M			RJR (Forsyth)			L&M	
Other			Other			Other	
Totals			Totals			Totals	

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